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INFORMATION REPORT

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COUNTRY Korea

SUBJECT Control of Rice in North Korea

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1. Control of rice production and distribution in North Korea is entirely in the hands of the government and is strictly enforced. Since the land reform, taxation in kind amounting to approximately 450,000 tons of rice has been collected from farmers. The tax rate for rice is 27 percent of the crop (as compared with 25 percent for other grains and similar rates for vegetables).
2. At harvest time, all members of parties and social groups are mobilized and, under the direct supervision of local administrative authorities, carry out full collection of taxes in kind from farmers, regardless of the farmers' individual circumstances. A system of joint responsibility for each village unit is adopted, and competition between village, township, and county groups is encouraged, with special awards to the first unit to complete its collection quota. Any corruption is severely punished. As a result, instances of dishonesty abruptly decreased after the early collections.
3. In addition to collecting rice for taxes, the government also purchases rice by means of a semi-compulsory system. Officials, party members, and social groups throughout North Korea are organized to encourage the sale of rice to the government, and to issue propaganda on the importance of rice in the national reconstruction program. The government also buys rice indirectly through consumers' cooperatives in cities and counties.
4. The sale of rice to the government is encouraged by fertilizer controls. Fertilizer is rationed at low official prices to individual farmers if they sell their rice to the government. Similarly, the fertilizer is rationed at the official price to the consumers' cooperatives if they sell their rice to the government. The official price of the fertilizer ration is low enough to serve as an inducement for the sale of rice to the government.
5. Another method of government rice collection is the patriotic rice contribution movement, which urges farmers to contribute rice to government stocks, in addition to that paid in taxes and sold to cooperatives and other agencies. The movement has been moderately successful, although the number of voluntary rice contributors is not large. Part of the propaganda for voluntary contribution is as follows: "In spite of bumper crops in South Korea, rice prices have risen to several thousand won per tu (斗) (approximately a peck), and farmers

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and laborers are starving because vicious merchants and speculators, in league with corrupt officials, have exported several million bushels of polished rice to Japan." This propaganda has had little effect among educated farmers.

6. The rice collected by the government is distributed partly as rations to government employees and laborers in state-owned factories; an undetermined amount is exported to the USSR. The remainder is stored by the government as a safeguard against inflationary trends in the market price. The government desires a maximum price level of 300 won per small tu. When prices rise above 250 won per small tu, the government releases stored rice to consumers' cooperatives at 200 won per small tu, rationing it at one small tu per member per day. Conversely, when the price drops below 200 won, the cooperatives purchase rice at that rate from their members.

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